

REFERENCE TITLE: school districts; override elections

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2122

Introduced by
Representative Boone

AN ACT

AMENDING SECTIONS 15-302, 15-448 AND 15-481, ARIZONA REVISED STATUTES;
REPEALING SECTION 15-482, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-903,
15-910.04, 15-943.01, 15-951, 15-974, 15-1102 AND 15-2104, ARIZONA REVISED
STATUTES; RELATING TO SCHOOL DISTRICT BUDGET OVERRIDE ELECTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-302, Arizona Revised Statutes, is amended to
3 read:

4 15-302. Powers and duties

5 A. The county school superintendent shall:

6 1. Distribute all laws, reports, circulars, instructions and forms
7 which he may receive for the use of school officers.

8 2. Record all official acts.

9 3. Appoint governing board members of school districts to fill all
10 vacancies, but the term of the appointment shall be until the next regular
11 election for governing board members, at which time a successor shall be
12 elected to serve the unexpired portion of the term. The county school
13 superintendent ~~may~~, if he deems it in the best interest of the community, ~~MAY~~
14 call a special election to fill the vacancies. If an election is called, the
15 newly elected member shall serve for the remainder of the unexpired portion
16 of the term.

17 4. Make reports, when directed by the superintendent of public
18 instruction, showing matters relating to schools in his county as may be
19 required on the forms furnished by the superintendent of public instruction.

20 5. Have such powers and perform such duties as otherwise prescribed by
21 law.

22 6. On or before October 1 of each year, make a report to the
23 superintendent of public instruction showing the amount of monies received
24 from state school funds, special school district taxes and other sources, the
25 total expenditures for school purposes and the balance on hand to the credit
26 of each school district at the close of the school year.

27 7. Contract with the board of supervisors for the board of supervisors
28 to conduct all regular school district elections.

29 8. Be responsible, in cooperation with the governing boards and the
30 board of supervisors, for all special school district elections.

31 9. Maintain teacher and administrator certification records of
32 effective dates and expiration dates of teachers' and administrators'
33 certificates in compliance with guidelines prescribed in the uniform system
34 of financial records for those school districts for which the county school
35 superintendent is the fiscal agent. The county school superintendent shall
36 not draw a warrant in payment of a teacher's, substitute teacher's or
37 administrator's salary unless the teacher, substitute teacher or
38 administrator is legally certified during the fiscal year in which the term
39 for payment is demanded.

40 10. Notify a school district three years before the expiration of a
41 revenue control limit override that the school district's budget must be
42 adjusted in the final two years of the override pursuant to section 15-481,
43 ~~subsections~~ ~~SUBSECTION P- M and Q~~, if the voters do not approve another
44 override.

11. In collaboration with the department of education and other state agencies, provide assistance to school districts and charter schools on the use of student data, staff development, curriculum alignment and technology to improve student performance.

12. Assist schools in meeting yearly adequate progress goals as defined by criteria established by the state board of education and implemented by the department of education.

B. At the request of school districts and charter schools, the county school superintendent may provide discretionary programs in addition to the programs prescribed in subsection A [OF THIS SECTION](#).

C. The county school superintendent may provide the services prescribed in subsections A and B [OF THIS SECTION](#) in the county or jointly with two or more counties pursuant to title 11, chapter 7, article 3.

D. Each county school superintendent may establish an advisory committee to the office of the county school superintendent.

Sec. 2. Section 15-448, Arizona Revised Statutes, is amended to read:

[15-448. Formation of unified school district; board membership; budget](#)

A. One or more common school districts and a high school district with coterminous or overlapping boundaries may establish a unified school district pursuant to this section. Unification of a common school district and a high school district is not authorized by this section if any of the high school facilities owned by the new unified school district would not be located within its boundaries.

B. Formation of a unified school district shall be by resolutions approved by the governing boards of the unifying school districts and certification of approval by such governing boards to the county school superintendent of the county or counties in which such individual school districts are located. A common school district and high school district that unify pursuant to this section shall not exclude from the same unification a common school district that has overlapping boundaries with the high school district and that wishes to unify. The formation of a unified school district shall become effective on July 1 of the next fiscal year following the certification of the county school superintendent. An election shall not be required to form a unified school district pursuant to this section. At least ninety days before the governing boards vote on the resolutions prescribed in this subsection, the governing boards shall mail a pamphlet to each household with one or more qualified electors that shall list the full cash value, the assessed valuation and the estimated amount of the primary property taxes and the estimated amount of the secondary property taxes under the proposed unification for each of the following:

1. An owner occupied residence whose assessed valuation is the average assessed valuation of property classified as class three, as prescribed by section 42-12003 for the current year in the school district.

1 2. An owner occupied residence whose assessed valuation is one-half of
2 the assessed valuation of the residence in paragraph 1 of this subsection.

3 3. An owner occupied residence whose assessed valuation is twice the
4 assessed valuation of the residence in paragraph 1 of this subsection.

5 4. A business whose assessed valuation is the average of the assessed
6 valuation of property classified as class one, as prescribed by section
7 42-12001, paragraphs 12 and 13 for the current year in the school district.

8 C. The boundaries of the unified school district shall be the
9 boundaries of the former common school district or districts that unify. The
10 boundaries of the common school district or districts that are not unifying
11 remain unchanged. The county school superintendent, immediately upon receipt
12 of the approved resolutions prescribed by subsection B of this section, shall
13 file with the board of supervisors, the county assessor and the
14 superintendent of public instruction a transcript of the boundaries of the
15 unified school district. The boundaries shown in the transcript shall become
16 the legal boundaries of the school districts on July 1 of the next fiscal
17 year.

18 D. On formation of the unified school district, the governing board
19 consists of the members of the former school district governing boards and
20 the members shall hold office until January 1 following the first general
21 election after formation of the district.

22 E. Beginning on January 1 following the first general election after
23 formation of the unified school district, the governing board shall have five
24 members. At the first general election after the formation of the district,
25 members shall be elected in the following manner:

26 1. The three candidates receiving the highest, the second highest and
27 the third highest number of votes shall be elected to four year terms.

28 2. The two candidates receiving the fourth and fifth highest number of
29 votes shall be elected to two year terms. Thereafter all offices shall have
30 four year terms.

31 F. The new unified school district may appoint a resident of the
32 remaining common school district to serve as a nonvoting member of the
33 governing board to represent the interests of the high school pupils who
34 reside in the remaining common school district and who attend school in the
35 unified school district.

36 G. For the first year of operation, the unified school district
37 governing board shall prepare a consolidated budget based on the student
38 counts from the school districts comprising the unified school district,
39 except that for purposes of determining budget amounts and equalization
40 assistance, the student count for the former high school district shall not
41 include the prior year average daily membership attributable to high school
42 pupils from a common school district that was part of the former high school
43 district but is not part of the unified school district. The unified school
44 district shall charge the remaining common school district tuition for these
45 pupils as provided in subsection J of this section and shall not include such

pupils for the purpose of making any adjustment for rapid decline in student count pursuant to section 15-942. The unified school district may budget for unification assistance pursuant to section 15-912.01.

H. The governing board of the unified school district shall prepare policies, curricula and budgets for the district. These policies shall require that:

1. The base compensation of each certificated teacher for the first year of operation of the new unified school district shall not be lower than the certificated teacher's base compensation for the prior year in the previously existing school districts.

2. The certificated teacher's years of employment in the previously existing school districts shall be included in determining the teacher's certificated years of employment in the new unified school district.

I. Upon formation of a unified school district any existing override authorization of the former high school district and the former common school district or districts shall continue until expiration based on the revenue control limit of the school district or districts that had override authorization prior to unification. The unified school district may request new override authorization for the budget year as provided in section 15-481 based on the combined revenue control limit of the new district after unification. If the unified school district's request for override authorization is approved, it will replace any existing override for the budget year.

J. The unified school district shall admit high school pupils who reside in a common school district that was located within the boundaries of the former high school district. Tuition shall be paid to the unified school district by the common school district in which such pupils reside. Such tuition amount shall be calculated in accordance with section 15-824, subject to the following modifications:

1. If the former high school district had outstanding bonded indebtedness at the time of unification, the combined tuition for the group of high school pupils who reside in each common school district shall include a debt service amount for the former high school district's outstanding bonded indebtedness that is determined as follows:

(a) Divide the total secondary assessed valuation of the common school district in which the group of pupils reside by the total secondary assessed valuation of the former high school district. For the purposes of this subdivision, "secondary assessed valuation" means secondary assessed valuation for the tax year prior to the year when the unification occurs and includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

(b) Multiply the quotient obtained in subdivision (a) by the unified school district's annual debt service expenditure.

2. The debt service portion of such tuition payments calculated pursuant to paragraph 1 of this subsection shall be used exclusively for debt

1 service of the outstanding bonded indebtedness of the former high school
2 district. When such indebtedness is fully extinguished, the debt service
3 portion of a pupil's tuition shall be determined in accordance with paragraph
4 3 of this subsection.

5 3. If the former high school district had no outstanding bonded
6 indebtedness at the time of unification, the tuition calculation shall
7 include the actual school district expenditures for the portion of any debt
8 service of the unified school district that pertains to any construction or
9 renovation of high school facilities divided by the school district's student
10 count for the high school portion of the school district.

11 4. The unified school district shall not include in the tuition
12 calculation any debt service that pertains to any construction or renovation
13 of school facilities for preschool through grade eight.

14 5. Notwithstanding section 15-951, subsection H, the revenue control
15 limit of the common school district shall include the full amount of the debt
16 service portion of the tuition calculated pursuant to this subsection.

17 K. All assets and liabilities of the unifying school districts shall
18 be transferred and assumed by the new unified school district. Any existing
19 bonded indebtedness of a common school district or a high school district
20 unifying pursuant to this section shall be assumed by the new unified school
21 district and shall be regarded as an indebtedness of the new unified school
22 district for the purpose of determining the debt incurring authority of the
23 district. Taxes for the payment of such bonded indebtedness shall be levied
24 on all taxable property in the new unified school district, but nothing in
25 this subsection shall be construed to relieve from liability to taxation for
26 the payment of all taxable property of the former high school district if
27 necessary to prevent a default in the payment of any bonded indebtedness of
28 the former high school district. The residents of a common school district
29 that does not unify shall not vote in bond or override elections of the
30 unified school district and shall not be assessed taxes as a result of a bond
31 or override election of the unified school district.

32 L. If the remaining common school district had authorization for an
33 override as provided in section 15-481 ~~or 15-482~~, the override authorization
34 continues for the remaining common school district or districts in the same
35 manner as before the formation of the unified school district.

36 M. The bonding authorization and bonding limitations continue for the
37 remaining common school district or districts in the same manner as before
38 the formation of the unified school district.

39 N. Nothing in this section shall be construed to relieve a school
40 district formed pursuant to section 15-457 or 15-458 of its liability for any
41 outstanding bonded indebtedness.

42 O. For school districts that become unified after July 1, 2004 and
43 where all of the common schools were eligible for the small school district
44 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
45 computing their base support level and base revenue control limit before

unification, the unified school district may continue to use the small school district weight as follows:

1. Annually determine the common school student count and the weighted student count pursuant to section 15-943, paragraph 1, subdivision (a) for each common school district before unification.

2. Calculate the sum of the common school districts' student counts and weighted student counts determined in paragraph 1 of this subsection.

3. Divide the sum of the weighted student counts by the sum of the student counts determined in paragraph 2 of this subsection.

4. The amount determined in paragraph 3 of this subsection shall be the weight for the common schools in the unified school district.

P. A unified school district may calculate its revenue control limit and district support level by using subsection 0 of this section as follows:

1. Determine the number of individual school districts that existed before unification into a single school district.

2. Multiply the amount determined in paragraph 1 of this subsection by six hundred.

3. Multiply the amount determined in paragraph 2 of this subsection by 0.80.

4. If the amount determined in paragraph 3 of this subsection exceeds the student count of the unified school district, the unified school district is eligible to use subsection 0 of this section.

Q. Subsections 0 and P of this section shall remain in effect until the aggregate student count of the common school districts before unification exceeds the aggregate number of students of the common school districts before unification authorized to utilize section 15-943, paragraph 1, subdivision (a).

Sec. 3. Section 15-481, Arizona Revised Statutes, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who ~~shall~~ by a majority of those voting either **SHALL** affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not

1 include the proposed increase or the portion of the proposed increase that
2 exceeds the amount authorized by a previously approved budget increase as
3 prescribed in subsection ~~P~~ M of this section.

4 B. The county school superintendent shall prepare an informational
5 report on the proposed increase in the budget and a sample ballot and, at
6 least forty days prior to the election, shall transmit the report and the
7 sample ballot to the governing board of the school district. The governing
8 board, upon receipt of the report and the ballot, shall mail or distribute
9 the report and the ballot to the households in which qualified electors
10 reside within the school district at least thirty-five days prior to the
11 election. Any distribution of material concerning the proposed increase in
12 the budget shall not be conducted by children enrolled in the school
13 district. The report shall contain the following information:

- 14 1. The date of the election.
- 15 2. The voter's polling place and the times it is open.
- 16 3. The proposed total increase in the budget which exceeds the amount
17 permitted pursuant to section 15-905.
- 18 4. The total amount of the current year's budget, the total amount of
19 the proposed budget and the total amount of the alternate budget.
- 20 5. If the override is for a period of more than one year, a statement
21 indicating the number of years the proposed increase in the budget would be
22 in effect and the percentage of the school district's revenue control limit
23 that the district is requesting for the future years.
- 24 6. The proposed total amount of revenues which will fund the increase
25 in the budget and the amount which will be obtained from a levy of taxes upon
26 the taxable property within the school district for the first year for which
27 the budget increase was adopted.
- 28 7. The proposed amount of revenues which will fund the increase in the
29 budget and which will be obtained from other than a levy of taxes upon the
30 taxable property within the school district for the first year for which the
31 budget increase was adopted.
- 32 8. The dollar amount and the purpose for which the proposed increase
33 in the budget is to be expended for the first year for which the budget
34 increase was adopted.

35 9. At least two arguments, if submitted, but no more than ten
36 arguments for and two arguments, if submitted, but no more than ten arguments
37 against the proposed increase in the budget. The arguments shall be in a
38 form prescribed by the county school superintendent, and each argument shall
39 not exceed two hundred words. Arguments for the proposed increase in the
40 budget shall be provided in writing and signed by the governing board. If
41 submitted, additional arguments in favor of the proposed increase in the
42 budget shall be provided in writing and signed by those in favor. Arguments
43 against the proposed increase in the budget shall be provided in writing and
44 signed by those in opposition. The names of those persons other than the
45 governing board or superintendent submitting written arguments shall not be

1 included in the report without their specific permission, but shall be made
2 available only upon request to the county school superintendent. The county
3 school superintendent shall review all factual statements contained in the
4 written arguments and correct any inaccurate statements of fact. The
5 superintendent shall not review and correct any portion of the written
6 arguments which are identified as statements of the author's opinion. The
7 county school superintendent shall make the written arguments available to
8 the public as provided in title 39, chapter 1, article 2. A deadline for
9 submitting arguments to be included in the informational report shall be set
10 by the county school superintendent.

11 10. A statement that the alternate budget shall be adopted by the
12 governing board if the proposed budget is not adopted by the qualified
13 electors of the school district.

14 11. The full cash value, the assessed valuation, the first year tax
15 rate for the proposed override and the estimated amount of the secondary
16 property taxes if the proposed budget is adopted for each of the following:

17 (a) An owner-occupied residence whose assessed valuation is the
18 average assessed valuation of property classified as class three, as
19 prescribed by section 42-12003 for the current year in the school district.

20 (b) An owner-occupied residence whose assessed valuation is one-half
21 of the assessed valuation of the residence in subdivision (a) of this
22 paragraph.

23 (c) An owner-occupied residence whose assessed valuation is twice the
24 assessed valuation of the residence in subdivision (a) of this paragraph.

25 (d) A business whose assessed valuation is the average of the assessed
26 valuation of property classified as class one, as prescribed by section
27 42-12001, paragraphs 12 and 13 for the current year in the school district.

28 12. If the election is conducted pursuant to subsection ~~I~~ I or ~~M~~ J of
29 this section, the following information:

30 (a) An executive summary of the school district's most recent capital
31 improvement plan submitted to the school facilities board.

32 (b) A complete list of each proposed capital improvement that will be
33 funded with the budget increase and a description of the proposed cost of
34 each improvement, including a separate aggregation of capital improvements
35 for administrative purposes as defined by the school facilities board.

36 (c) The tax rate associated with each of the proposed capital
37 improvements and the estimated cost of each capital improvement for the owner
38 of a single family home that is valued at eighty thousand dollars.

39 C. For the purpose of this section, the school district may use its
40 staff, equipment, materials, buildings or other resources only to distribute
41 the informational report at the school district office or at public hearings
42 and to produce such information as required in subsection B of this section,
43 provided that nothing in this subsection shall preclude school districts from
44 holding or participating in any public hearings at which testimony is given
45 by at least one person for the proposed increase and one person against the

1 proposed increase. Any written information provided by the district
2 pertaining to the override election shall include financial information
3 showing the estimated first year tax rate for the proposed budget override
4 amount.

5 D. If any amount of the proposed increase will be funded by a levy of
6 taxes in the district, the election prescribed in subsection A of this
7 section shall be held on the first Tuesday following the first Monday in
8 November as prescribed by section 16-204, subsection B, paragraph 1,
9 subdivision (d). If the proposed increase will be fully funded by revenues
10 from other than a levy of taxes, the elections prescribed in subsection A of
11 this section shall be held on any date prescribed by section 16-204. The
12 elections shall be conducted as nearly as practicable in the manner
13 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
14 section 15-426, relating to special elections, except that:

15 1. The notices required pursuant to section 15-403 shall be posted not
16 less than twenty-five days before the election.

17 2. Ballots shall be counted pursuant to title 16, chapter 4,
18 article 10.

19 E. If the election is to exceed the revenue control limit and if the
20 proposed increase will be fully funded by a levy of taxes upon the taxable
21 property within the school district, the ballot shall contain the words
22 "budget increase, yes" and "budget increase, no", and the voter shall signify
23 his desired choice. The ballot shall also contain the amount of the proposed
24 increase of the proposed budget over the alternate budget, a statement that
25 the amount of the proposed increase will be based on a percentage of the
26 school district's revenue control limit in future years, if applicable, as
27 provided in subsection ~~P~~ M of this section and the following statement:

28 Any budget increase authorized by this election shall be
29 entirely funded by a levy of taxes upon the taxable property
30 within this school district for the year for which adopted and
31 for ____ subsequent years, shall not be realized from monies
32 furnished by the state and shall not be subject to the
33 limitation on taxes specified in article IX, section 18,
34 Constitution of Arizona. Based on an estimate of assessed
35 valuation used for secondary property tax purposes, to fund the
36 proposed increase in the school district's budget would require
37 an estimated tax rate of _____ dollar per one hundred
38 dollars of assessed valuation used for secondary property tax
39 purposes and is in addition to the school district's tax rate
40 which will be levied to fund the school district's revenue
41 control limit allowed by law.

42 F. If the election is to exceed the revenue control limit and if the
43 proposed increase will be fully funded by revenues from other than a levy of
44 taxes upon the taxable property within the school district, the ballot shall
45 contain the words "budget increase, yes" and "budget increase, no", and the

1 voter shall signify the voter's desired choice. The ballot shall also
2 contain:

3 1. The amount of the proposed increase of the proposed budget over the
4 alternate budget.

5 2. A statement that the amount of the proposed increase will be based
6 on a percentage of the school district's revenue control limit in future
7 years, if applicable, as provided in subsection ~~P~~ M of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by this school district with revenues from other
11 than a levy of taxes on the taxable property within the school
12 district for the year for which adopted and for _____
13 subsequent years and shall not be realized from monies furnished
14 by the state.

15 G. Except as provided in subsection H of this section, the maximum
16 budget increase which may be requested and authorized as provided in
17 subsection E or F of this section or the combination of subsections E and F
18 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
19 provided in section 15-947, subsection A for the budget year. PROCEEDS FROM
20 THIS BUDGET INCREASE MAY BE USED FOR PROGRAMS DESIGNED TO IMPROVE THE
21 ACADEMIC ACHIEVEMENT OF PUPILS IN KINDERGARTEN PROGRAMS AND GRADES ONE
22 THROUGH THREE, INCLUDING PROGRAMS TO REMOVE BARRIERS TO IMPROVE ACADEMIC
23 ACHIEVEMENT, PROGRAMS TO IMPROVE INSTRUCTION AND PROGRAMS THAT INCREASE THE
24 AMOUNT OF INSTRUCTION.

25 H. Special budget override provisions for school districts with a
26 student count of less than one hundred fifty-four in kindergarten programs
27 and grades one through eight or with a student count of less than one hundred
28 seventy-six in grades nine through twelve are as follows:

29 1. The maximum budget increase that may be requested and authorized as
30 provided in subsections E and F of this section is the greater of the amount
31 prescribed in subsection G of this section or a limit computed as follows:

32 (a) For common or unified districts with a student count of less than
33 one hundred fifty-four in kindergarten programs and grades one through eight,
34 the limit computed as prescribed in item (i) or (ii) of this subdivision,
35 whichever is appropriate:

36 (i)

Student Count	Small School Student Count Limit	Support Level Weight for Small Isolated School Districts	Base Level	Phase Down Reduction Factor
_____	125	$1.358 + (0.0005 \times (500 - \text{Student Count}))$	\$ _____	= \$ _____
	Phase Down Base	Phase Down Reduction Factor	Small Isolated School District Elementary Limit	
	\$150,000	\$ _____		= \$ _____

1 (ii)

2	Small School	Support Level Weight	Phase Down
3	Student	for Small	Reduction
4	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
5	- <u>125</u>	$x 1.278 + (0.0003 \times$	$x \$ = \$$
6		$(500 - \text{Student Count}))$	
7			Small
8	Phase Down	Phase Down	School District
9	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
10	\$150,000	- \$	= \$

11 (b) For unified or union high school districts with a student count of
 12 less than one hundred seventy-six in grades nine through twelve, the limit
 13 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
 14 appropriate:

15 (i)

16	Small School	Support Level Weight	Phase Down
17	Student	for Small Isolated	Reduction
18	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
19	- <u>100</u>	$x 1.468 + (0.0005 \times$	$x \$ = \$$
20		$(500 - \text{Student Count}))$	
21			Small Isolated
22	Phase Down	Phase Down	District
23	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
24	\$350,000	- \$	= \$

25 (ii)

26	Small School	Support Level Weight	Phase Down
27	Student	for Small	Reduction
28	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
29	- <u>100</u>	$x 1.398 + (0.0004 \times$	$x \$ = \$$
30		$(500 - \text{Student Count}))$	
31			Small
32	Phase Down	Phase Down	School District
33	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
34	\$350,000	- \$	= \$

35 (c) If both subdivisions (a) and (b) of this paragraph apply to a
 36 unified school district, its limit for the purposes of this paragraph is the
 37 combination of its elementary limit and its secondary limit.

38 (d) If only subdivision (a) or (b) of this paragraph applies to a
 39 unified school district, the district's limit for the purposes of this
 40 paragraph is the sum of the limit computed as provided in subdivision (a) or
 41 (b) of this paragraph plus ten per cent of the revenue control limit
 42 attributable to those grade levels that do not meet the eligibility
 43 requirements of this subsection. If a school district budgets monies outside
 44 the revenue control limit pursuant to section 15-949, subsection E, the
 45 district's limit for the purposes of this paragraph is only the ten per cent

1 of the revenue control limit attributable to those grade levels that are not
2 included under section 15-949, subsection E. For the purposes of this
3 subdivision, the revenue control limit is separated into elementary and
4 secondary components based on the weighted student count as provided in
5 section 15-971, subsection B, paragraph 2, subdivision (a).

6 2. If a school district utilizes ~~the provisions of~~ this subsection to
7 request an override of more than one year, the ballot shall include an
8 estimate of the amount of the proposed increase in the future years in place
9 of the statement that the amount of the proposed increase will be based on a
10 percentage of the school district's revenue control limit in future years, as
11 prescribed in subsections E and F of this section.

12 3. Notwithstanding subsection ~~P- M~~ of this section, the maximum period
13 of an override authorized pursuant to this subsection is five years.

14 4. Subsection ~~P- M~~, paragraphs 1 and 2 of this section do not apply to
15 overrides authorized pursuant to this subsection.

16 ~~I. If the election is to exceed the revenue control limit as provided~~
17 ~~in section 15-482 and if the proposed increase will be fully funded by a levy~~
18 ~~of taxes on the taxable property within the school district, the ballot shall~~
19 ~~contain the words "budget increase, yes" and "budget increase, no", and the~~
20 ~~voter shall signify the voter's desired choice. The ballot shall also~~
21 ~~contain the amount of the proposed increase of the budget over the alternate~~
22 ~~budget, a statement that the amount of the proposed increase will be based on~~
23 ~~a percentage of the school district's revenue control limit in future years,~~
24 ~~if applicable, as provided in subsection Q of this section, and the following~~
25 ~~statement:~~

26 ~~Any budget increase authorized by this election shall be~~
27 ~~entirely funded by a levy of taxes on the taxable property~~
28 ~~within this school district for the year for which adopted and~~
29 ~~for _____ subsequent years, shall not be realized from monies~~
30 ~~furnished by the state and shall not be subject to the~~
31 ~~limitation on taxes specified in article IX, section 18,~~
32 ~~Constitution of Arizona. Based on an estimate of assessed~~
33 ~~valuation used for secondary property tax purposes, to fund the~~
34 ~~proposed increase in the school district's budget which will be~~
35 ~~funded by a levy of taxes upon the taxable property within this~~
36 ~~school district would require an estimated tax rate of~~
37 ~~_____ dollar per one hundred dollars of assessed valuation~~
38 ~~used for secondary property tax purposes and is in addition to~~
39 ~~the school district's tax rate that will be levied to fund the~~
40 ~~school district's revenue control limit allowed by law.~~

41 ~~J. If the election is to exceed the revenue control limit as provided~~
42 ~~in section 15-482 and if the proposed increase will be fully funded by~~
43 ~~revenues other than a levy of taxes on the taxable property within the school~~
44 ~~district, the ballot shall contain the words "budget increase, yes" and~~
45 ~~"budget increase, no", and the voter shall signify the voter's desired~~

~~choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:~~

~~Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.~~

~~K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.~~

~~I.~~ I. If the election is to exceed the capital outlay revenue limit and if the proposed increase will be fully funded by a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. An election held pursuant to this subsection shall be held on the first Tuesday after the first Monday of November. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year in which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, to fund the proposed increase in the school district's budget would require an estimated tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's capital outlay revenue limit allowed by law.

1 ~~M.~~ J. If the election is to exceed the capital outlay revenue limit
 2 and if the proposed increase will be fully funded by revenues from other than
 3 a levy of taxes upon the taxable property within the school district, the
 4 ballot shall contain the words "budget increase, yes" and "budget increase,
 5 no", and the voter shall signify the voter's desired choice. An election
 6 held pursuant to this subsection shall be held on the first Tuesday after the
 7 first Monday of November. The ballot shall also contain the amount of the
 8 proposed increase of the proposed budget over the alternate budget and the
 9 following statement:

10 Any budget increase authorized by this election shall be
 11 entirely funded by this school district with revenues from other
 12 than a levy of taxes on the taxable property within the school
 13 district for the year in which adopted and for _____ subsequent
 14 years and shall not be realized from monies furnished by the
 15 state.

16 ~~N.~~ K. If the election is to exceed a combination of the revenue
 17 control limit as provided in subsection E or F of this section, ~~the revenue~~
 18 ~~control limit as provided in subsection I or J of this section~~ or the capital
 19 outlay revenue limit as provided in subsection ~~I~~ I or ~~M~~ J of this section,
 20 the ballot shall be prepared so that the voters may vote on each proposed
 21 increase separately and shall contain statements required in the same manner
 22 as if each proposed increase were submitted separately.

23 ~~O.~~ L. If the election provides for a levy of taxes on the taxable
 24 property within the school district, at least thirty days prior to the
 25 election, the department of revenue shall provide the school district
 26 governing board and the county school superintendent with an estimate of the
 27 school district's assessed valuation used for secondary property tax purposes
 28 for the ensuing fiscal year. The governing board and the county school
 29 superintendent shall use this estimate to translate the amount of the
 30 proposed dollar increase in the budget of the school district over that
 31 allowed by law into a tax rate figure.

32 ~~P.~~ M. If the voters in a school district vote to adopt a budget in
 33 excess of the revenue control limit as provided in subsection E or F of this
 34 section, any additional increase shall be included in the aggregate budget
 35 limit for each of the years authorized. Any additional increase shall be
 36 excluded from the determination of equalization assistance. The school
 37 district governing board ~~may~~, however, MAY levy on the assessed valuation
 38 used for secondary property tax purposes of the property in the school
 39 district the additional increase if adopted under subsection E of this
 40 section for the period of one year, two years or five through seven years as
 41 authorized. If an additional increase is approved as provided in subsection
 42 F of this section, the school district governing board may only use revenues
 43 derived from the school district's prior year's maintenance and operation
 44 fund ending cash balance to fund the additional increase. If a budget
 45 increase was previously authorized and will be in effect for the budget year

1 or budget year and subsequent years, as provided in subsection E or F of this
2 section, the governing board may request a new budget increase as provided in
3 the same subsection under which the prior budget increase was adopted, which
4 shall not exceed the maximum amount permitted under subsection G of this
5 section. If the voters in the school district authorize the new budget
6 increase amount, the existing budget increase no longer is in effect. If the
7 voters in the school district do not authorize the budget increase amount,
8 the existing budget increase remains in effect for the time period for which
9 it was authorized. The maximum additional increase authorized as provided in
10 subsection E or F of this section and the additional increase which is
11 included in the aggregate budget limit is based on a percentage of a school
12 district's revenue control limit in future years, if the budget increase is
13 authorized for more than one year. If the additional increase:

14 1. Is for two years, the proposed increase in the second year is equal
15 to the initial proposed percentage increase.

16 2. Is for five years or more, the proposed increase is equal to the
17 initial proposed percentage increase in the following years of the proposed
18 increase, except that in the next to last year it is two-thirds of the
19 initial proposed percentage increase and it is one-third of the initial
20 proposed percentage increase in the last year of the proposed increase.

21 ~~Q. If the voters in a school district vote to adopt a budget in excess~~
22 ~~of the revenue control limit as provided in subsection I or J of this~~
23 ~~section, any additional increase shall be included in the aggregate budget~~
24 ~~limit for each of the years authorized. Any additional increase shall be~~
25 ~~excluded from the determination of equalization assistance. The school~~
26 ~~district governing board, however, may levy on the assessed valuation used~~
27 ~~for secondary property tax purposes of the property in the school district~~
28 ~~the additional increase if adopted under subsection I of this section for the~~
29 ~~period of one year, two years or five through seven years as authorized. If~~
30 ~~an additional increase is approved as provided in subsection J of this~~
31 ~~section, the increase may only be budgeted and expended if sufficient monies~~
32 ~~are available in the maintenance and operation fund of the school district.~~
33 ~~If a budget increase was previously authorized and will be in effect for the~~
34 ~~budget year or budget year and subsequent years, as provided in subsection I~~
35 ~~or J of this section, the governing board may request a new budget increase~~
36 ~~as provided in the same subsection under which the prior budget increase was~~
37 ~~adopted that does not exceed the maximum amount permitted under subsection K~~
38 ~~of this section. If the voters in the school district authorize the new~~
39 ~~budget increase amount, the existing budget increase no longer is in effect.~~
40 ~~If the voters in the school district do not authorize the budget increase~~
41 ~~amount, the existing budget increase remains in effect for the time period~~
42 ~~for which it was authorized. The maximum additional increase authorized as~~
43 ~~provided in subsection I or J of this section and the additional increase~~
44 ~~that is included in the aggregate budget limit is based on a percentage of a~~

~~school district's revenue control limit in future years, if the budget increase is authorized for more than one year. If the additional increase:~~

~~1. Is for two years, the proposed increase in the second year is equal to the initial proposed percentage increase.~~

~~2. Is for five years or more, the proposed increase is equal to the initial proposed percentage increase in the following years of the proposed increase, except that in the next to last year it is two thirds of the initial proposed percentage increase and it is one third of the initial proposed percentage increase in the last year of the proposed increase.~~

~~R.~~ N. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection ~~L~~ I of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board ~~may~~, however, MAY levy on the assessed valuation used for secondary property tax purposes of the property in the school district the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

~~S.~~ O. If the voters in a school district vote to adopt a budget in excess of the capital outlay revenue limit as provided in subsection ~~M~~ J of this section, any additional increase shall be included in the aggregate budget limit for each of the years authorized. The additional increase shall be excluded from the determination of equalization assistance. The school district governing board may only use revenues derived from the school district's prior year's maintenance and operation fund ending cash balance and capital outlay fund ending cash balance to fund the additional increase for the period authorized but not to exceed ten years. For overrides approved by a vote of the qualified electors of the school district at an election held from and after October 31, 1998, the period of the additional increase prescribed in this subsection shall not exceed seven years for any capital override election.

~~T.~~ P. In addition to subsections ~~P~~ M and ~~S~~ O of this section, from the maintenance and operation fund and capital outlay fund ending cash balances, the school district governing board shall first use any available revenues to reduce its primary tax rate to zero and shall use any remaining revenues to fund the additional increase authorized as provided in subsections F and ~~M~~ J of this section.

~~U.~~ Q. If the voters in a school district disapprove the proposed budget, the alternate budget which, except for any budget increase authorized by a prior election, does not include an increase in the budget in excess of the amount provided in section 15-905 shall be adopted by the governing board as provided in section 15-905.

1 ~~V.~~ R. The governing board may request that any override election be
 2 cancelled if any change in chapter 9 of this title changes the amount of the
 3 aggregate budget limit as provided in section 15-905. The request to cancel
 4 the override election shall be made to the county school superintendent at
 5 least ten days prior to the date of the scheduled override election.

6 ~~W.~~ S. For any election conducted pursuant to subsection ~~I~~ I or ~~M~~ J
 7 of this section:

8 1. The ballot shall include the following statement in addition to any
 9 other statement required by this section:

10 The capital improvements that are proposed to be funded
 11 through this override election are to exceed the state standards
 12 and are in addition to monies provided by the state.

13 _____ school district is proposing to increase its
 14 budget by \$_____ to fund capital improvements over and
 15 above those funded by the state. Under the students first
 16 capital funding system, _____ school district is entitled to
 17 state monies for building renewal, new construction and
 18 renovation of school buildings in accordance with state law.

19 2. The ballot shall contain the words "budget increase, yes" and
 20 "budget increase, no", and the voter shall signify the voter's desired
 21 choice.

22 3. At least eighty-five days before the election, the school district
 23 shall submit proposed ballot language to the director of the Arizona
 24 legislative council. The director of the Arizona legislative council shall
 25 review the proposed ballot language to determine whether the proposed ballot
 26 language complies with this section. If the director of the Arizona
 27 legislative council determines that the proposed ballot language does not
 28 comply with this section, the director, within ten calendar days of the
 29 receipt of the proposed ballot language, shall notify the school district of
 30 the director's objections and the school district shall resubmit revised
 31 ballot language to the director for approval.

32 ~~X.~~ T. If the voters approve the budget increase pursuant to
 33 subsection ~~I~~ I or ~~M~~ J of this section, the school district shall not use
 34 the override proceeds for any purposes other than the proposed capital
 35 improvements listed in the publicity pamphlet, except that up to ten per cent
 36 of the override proceeds may be used for general capital expenses, including
 37 cost overruns of proposed capital improvements.

38 ~~Y.~~ U. Each school district that currently increases its budget
 39 pursuant to subsection ~~I~~ I or ~~M~~ J of this section is required to hold a
 40 public meeting each year between September 1 and October 31 at which an
 41 update of the progress of capital improvements financed through the override
 42 is discussed and at which the public is permitted an opportunity to comment.
 43 At a minimum, the update shall include a comparison of the current status and
 44 the original projections on the construction of capital improvements, the
 45 costs of capital improvements and the costs of capital improvements in

1 progress or completed since the prior meeting and the future capital plans of
 2 the school district. The school district shall include in the public meeting
 3 a discussion of the school district's use of state capital aid and
 4 voter-approved bonding in funding capital improvements, if any.

5 ~~Z-~~ V. If a budget in excess of the capital outlay revenue limit was
 6 previously adopted by the voters in a school district and will be in effect
 7 for the budget year or budget year and subsequent years, as provided in
 8 subsection ~~I~~ I or ~~M~~ J of this section, the governing board may request an
 9 additional budget in excess of the capital outlay revenue limit. If the
 10 voters in a school district authorize the additional budget in excess of the
 11 capital outlay revenue limit, the existing capital outlay revenue limit
 12 budget increase remains in effect.

13 Sec. 4. Repeal

14 Section 15-482, Arizona Revised Statutes, is repealed.

15 Sec. 5. Section 15-903, Arizona Revised Statutes, is amended to read:

16 15-903. Budget format; prohibited expenditures

17 A. The superintendent of public instruction in conjunction with the
 18 auditor general shall prepare and prescribe a budget format to be utilized by
 19 all school districts.

20 B. The budget format shall be designed to allow all school districts
 21 to plan and provide in detail for the use of available funds. The budget
 22 format shall contain distinct sections for, but need not be limited to,
 23 maintenance and operation, debt service, special projects, capital outlay,
 24 adjacent ways and classroom site fund. The maintenance and operation section
 25 shall include, but need not be limited to, separate subsections for regular
 26 education programs, special education programs and operational expenditures
 27 for pupil transportation. Each subsection shall clearly distinguish
 28 classroom instruction expenditures. The special education program subsection
 29 shall include, but is not limited to, programs for each disability
 30 classification as defined in section 15-761 and programs for gifted,
 31 vocational and technological education, remedial education and bilingual
 32 students. The total expenditures for each of these programs shall be
 33 included on the budget form. The pupil transportation subsection shall
 34 include all operational expenditures relating to the transportation of
 35 pupils, including all operational expenditures within a contract if the
 36 school district contracts for pupil transportation.

37 C. The capital outlay section of the budget shall include separate
 38 subsections for unrestricted capital outlay and soft capital allocation. The
 39 soft capital allocation subsection shall include budgeted expenditures as
 40 prescribed in section 15-962. The unrestricted capital outlay subsection
 41 shall include budgeted expenditures for acquisitions by purchase,
 42 lease-purchase or lease of capital items as defined in the uniform system of
 43 financial records. These sections and subsections shall include:

1 1. Land, buildings and improvements to land and buildings, including
2 labor and related employee benefits costs and material costs if work is
3 performed by school district employees.

4 2. Furniture, furnishings, athletic equipment and other equipment,
5 including computer software.

6 3. Pupil and nonpupil transportation vehicles and equipment, including
7 all capital expenditures within a contract if the school district contracts
8 for pupil transportation.

9 4. Textbooks and related printed subject matter materials adopted by
10 the governing board.

11 5. Instructional aids.

12 6. Library books.

13 7. Payment of principal and interest on bonds.

14 8. School district administration emergency needs that are directly
15 related to pupils.

16 D. The budget format shall contain distinct subsections for the
17 following:

18 ~~1. Special programs to improve academic achievement of pupils in~~
19 ~~kindergarten programs and grades one through three as provided in section~~
20 ~~15-482.~~

21 ~~2.~~ 1. School plant funds.

22 ~~3.~~ 2. Capital outlay budget increases as provided in section 15-481.

23 ~~4.~~ 3. Property taxation, including the following:

24 (a) The primary tax rates for the school district for the current year
25 and the budget year.

26 (b) The secondary tax rates for maintenance and operation, K-3 and
27 capital overrides for the school district for the current year and the budget
28 year.

29 (c) The secondary tax rates for class A bonds for the school district
30 for the current year and the budget year.

31 (d) The secondary tax rates for class B bonds for the school district
32 for the current year and the budget year.

33 ~~5.~~ 4. A description of any corrections or adjustments made to the
34 budget pursuant to section 15-915.

35 E. The budget format shall also contain:

36 1. A statement identifying proposed pupil-teacher ratios and
37 pupil-staff ratios relating to the provision of special education services
38 for the budget year.

39 2. A statement identifying the number of full-time equivalent
40 certified employees.

41 3. If a governing board uses section 15-942 relating to the adjustment
42 for rapid decline in student count, a statement identifying the actual per
43 cent decline in student count and a statement identifying the additional
44 allowable expenditures attributable to using the rapid decline provisions as
45 provided in section 15-942.

1 F. The special projects section shall include budgeted expenditures
2 for state special projects, including special adult projects, career
3 education, deficiencies correction fund projects, building renewal fund
4 projects and new school facilities fund projects, such federal special
5 projects as ESEA title programs, vocational education and title IV Indian
6 education, and other special projects.

7 G. A school district shall not make expenditures for campaign
8 literature associated with school district or charter school officials. If
9 the superintendent of public instruction determines that a school district
10 has violated this subsection, the superintendent of public instruction may
11 withhold any portion of the school district's apportionment of state aid.

12 H. The budget format shall include an electronic format that shall be
13 submitted for each proposed, adopted and revised budget.

14 Sec. 6. Section 15-910.04, Arizona Revised Statutes, is amended to
15 read:

16 15-910.04. School district budgets; actual utility costs;
17 adjustment; definitions

18 A. For fiscal year 2009-2010, a school district may budget for actual
19 utility costs by adjusting its revenue control limit by an amount computed as
20 follows:

21 1. Determine the average amount that the school district expended for
22 total utility costs in fiscal years 2006-2007 and 2007-2008.

23 2. Subtract from the amount determined in paragraph 1 of this
24 subsection the amount expended for utilities as reported in the utility
25 expenditures line in the maintenance and operation section of the school
26 district's budget in fiscal year 2007-2008.

27 3. Multiply the amount determined in paragraph 2 of this subsection by
28 0.90.

29 B. For fiscal year 2010-2011, a school district may budget for actual
30 utility costs by adjusting its revenue control limit by an amount computed as
31 follows:

32 1. Determine the average amount that the school district expended for
33 total utility costs in fiscal years 2007-2008 and 2008-2009.

34 2. Subtract from the amount determined in paragraph 1 of this
35 subsection the amount expended for utilities as reported in the utility
36 expenditures line in the maintenance and operation section of the school
37 district's budget in fiscal year 2008-2009.

38 3. Multiply the amount in paragraph 2 of this subsection by 0.90.

39 C. For fiscal years 2011-2012 through 2020-2021, a school district may
40 budget for actual utility costs by adjusting its revenue control limit by an
41 amount computed as follows:

42 1. Determine the average amount expended for utilities for the two
43 previous fiscal years as reported in the utility expenditures line in the
44 maintenance and operation section of the school district's budget.

2. Subtract from the amount determined in paragraph 1 of this subsection the amount determined in subsection B, paragraph 2 of this section, increased by the total percentage increase in the revenue control limit from fiscal year 2008-2009 to the actual year utilized in the calculation as provided in this section.

3. Multiply the amount in paragraph 2 of this subsection by 0.90.

D. The adjustment to the revenue control limit prescribed in this section shall not be included in the calculation of the maximum override amount pursuant to ~~sections~~ SECTION 15-481 ~~and 15-482~~.

E. For the purposes of this section:

1. "Actual utility costs" means operational costs for which a school district is billed by a service provider for electricity, gas, water, sanitation and telecommunications.

2. "Electricity" has the same meaning prescribed in section 30-801.

3. "Gas" has the same meaning prescribed in section 27-501.

4. "Telecommunications" means the transmission of information over telephone networks, the internet and cable and satellite television systems or other equivalent technology.

Sec. 7. Section 15-943.01, Arizona Revised Statutes, is amended to read:

15-943.01. Maintenance and operation budget balance; definition

A. The governing board of a school district may budget any budget balance in the maintenance and operation section of the budget, as provided in section 15-903, from the current fiscal year for use in the maintenance and operation section of the budget in the budget year. The amount which may be budgeted as the budget balance carryforward in any one fiscal year shall not exceed four per cent of the school district's revenue control limit, as provided in section 15-947, subsection A, for the current year and shall not include any budget balance attributable to any reduction in the district's general budget limit, including reductions for items which are exempt from the revenue control limit and for which expenditures are limited to a designated purpose such as excess insurance costs or excess utility costs or for the bond issues portion of the cost of tuition. ~~A school district may include in the budget balance carryforward in any fiscal year up to fifty per cent of the unspent proceeds of an override election conducted pursuant to section 15-482.~~ The amount budgeted as the budget balance carryforward is specifically exempt from the revenue control limit.

B. If the actual amount of the allowable budget balance carryforward is less than the amount budgeted for the budget balance carryforward, the governing board shall adjust the general budget limit and expenditures before May 15 based on the actual allowable budget balance carryforward. If the actual amount of the allowable budget balance carryforward is more than the amount budgeted for the budget balance carryforward, the governing board may adjust its budget before May 15 based on the actual amount of the allowable fund balance carryforward. Not later than May 18, the budget as revised

1 shall be submitted electronically to the superintendent of public
2 instruction.

3 C. If the governing board is eligible to budget for a budget balance
4 carryforward as provided in subsection A of this section, the governing board
5 may transfer an amount from the district's ending cash balance of the
6 maintenance and operations fund to the school opening fund. The maximum
7 amount that may be transferred is the lesser of the district's ending cash
8 balance in the maintenance and operations fund or the amount the district is
9 eligible to budget as a budget balance carryforward. The school opening fund
10 is a cash controlled fund as provided in section 15-905, subsection N, and
11 may only be expended for the additional maintenance and operations expenses
12 incurred in the first year of operation of a new school within the school
13 district. The monies in the school opening fund are not subject to
14 reversion, except that at the end of five years of no activity in the fund,
15 any remaining monies shall be reverted to the maintenance and operations
16 fund. Any monies so reverted may be considered additional budget balance for
17 that fiscal year.

18 D. If a governing board transfers monies as provided in subsection C
19 of this section, the amount so transferred in a fiscal year shall be
20 subtracted from the amount the district would otherwise be eligible to budget
21 for that fiscal year as provided in subsection A of this section. The
22 difference, if any, is the maximum amount that may be budgeted for that
23 fiscal year as a budget balance carryforward.

24 E. For the purposes of this section, "budget balance" means the
25 difference between actual and budgeted expenditures.

26 Sec. 8. Section 15-951, Arizona Revised Statutes, is amended to read:

27 15-951. Revenue control limit, capital outlay revenue limit,
28 soft capital allocation, district support level and
29 student count for a common school district not within
30 a high school district

31 A. Notwithstanding section 15-947, the revenue control limit for a
32 common school district not within a high school district is the sum of the
33 following:

34 1. The base revenue control limit computed as prescribed in section
35 15-944 but excluding pupils admitted to another school district as provided
36 in section 15-824, subsection A, paragraph 2.

37 2. The tuition payable for high school pupils who attend school in
38 another school district as provided in section 15-824, subsection A,
39 paragraph 2, including any transportation charge, except as provided in
40 subsection H of this section.

41 3. The transportation revenue control limit for all pupils who reside
42 in the district except those high school pupils transported by another
43 district.

44 B. Notwithstanding subsection A of this section, for the purposes of
45 sections 15-481, ~~15-482~~ and 15-1102, the revenue control limit for a common

1 school district not within a high school district is the sum of the
2 following:

3 1. The base revenue control limit for pupils computed as prescribed in
4 section 15-944 but excluding pupils admitted to another school district as
5 provided in section 15-824, subsection A, paragraph 2.

6 2. The transportation revenue control limit for all pupils who reside
7 in the district except those high school pupils transported by another
8 district.

9 C. Notwithstanding section 15-961, the capital outlay revenue limit
10 for a common school district not within a high school district is the capital
11 outlay revenue limit computed as prescribed in section 15-961 but excluding
12 pupils who are admitted to another school district as provided in section
13 15-824, subsection A, paragraph 2.

14 D. Notwithstanding section 15-962, the soft capital allocation for a
15 common school district not within a high school district is the soft capital
16 allocation computed as prescribed in section 15-962 but excluding pupils who
17 are both admitted to another school district as provided in section 15-824,
18 subsection A, paragraph 2 and not transported by the common school district.

19 E. Notwithstanding section 15-947, the district support level for a
20 common school district not within a high school district is the sum of the
21 following:

22 1. The base support level computed as prescribed in section 15-943 but
23 excluding pupils who are admitted to another school district as provided in
24 section 15-824, subsection A, paragraph 2.

25 2. The tuition payable for high school pupils who are admitted to
26 another school district as provided in section 15-824, subsection A,
27 paragraph 2, including any transportation charge, except as provided in
28 subsection H of this section.

29 3. The transportation support level for all pupils who reside in the
30 school district except those high school pupils transported by another school
31 district.

32 F. For the purpose of determining eligibility to adjust the student
33 count as provided in section 15-942, the student count for a common school
34 district not within a high school district is the student count for pupils in
35 the school district less the student count for pupils enrolled in another
36 school district as provided in section 15-824, subsection A, paragraph 2.

37 G. For the purpose of determining eligibility to increase the revenue
38 control limit and district support level or recompute the revenue control
39 limit as provided in section 15-948, the student count for a common school
40 district not within a high school district is the student count for pupils in
41 kindergarten programs and grades one through twelve, including pupils
42 enrolled in another school district as provided in section 15-824, subsection
43 A, paragraph 2.

H. The tuition amount in subsections A and E of this section shall not include amounts per student count for bond issues as prescribed by section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:

1. One hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.

2. Two hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.

3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.

Sec. 9. Section 15-974, Arizona Revised Statutes, is amended to read:

15-974. Equalization assistance for education for accommodation schools

A. Equalization assistance for education for accommodation schools shall be paid from appropriations for that purpose to the school districts as provided in section 15-973.

B. When an accommodation school has a positive total cash balance at the end of a fiscal year in its maintenance and operation fund, the county school superintendent of the county in which the accommodation school is located may authorize an addition to the accommodation school's revenue control limit as provided in section 15-947, subsection A for the following fiscal year. The county school superintendent may not authorize an addition that exceeds the lesser of the ending cash balance less the amount budgeted for the budget balance carryforward as provided in section 15-943.01 or ten per cent of the revenue control limit of the accommodation school ~~and five per cent of the revenue control limit pursuant to section 15-482~~, without the necessity of an election pursuant to section 15-481. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward, the addition authorized pursuant to this subsection and the items listed in section 15-947, subsection C, paragraph 2, subdivisions (c) and (f) for the following fiscal year, the remaining cash balance may be used for capital expenditures pursuant to section 15-962, subsection F.

C. Subsection B of this section shall not apply to an accommodation school with a student count of one hundred twenty-five or less in kindergarten programs and grades one through eight or to an accommodation school which offers instruction in grades nine, ten, eleven or twelve and which has a student count of one hundred or less in grades nine through twelve.

1 Sec. 10. Section 15-1102, Arizona Revised Statutes, is amended to
2 read:

3 15-1102. Disposition of proceeds from sale or lease of school
4 property; school plant monies; payment of bonded
5 indebtedness; definition

6 A. The governing board, or the superintendent or chief administrative
7 officer with the approval of the governing board, may expend the proceeds
8 from the sale or lease of school property for the payment of any outstanding
9 bonded indebtedness of the school district or for the reduction of school
10 district taxes.

11 B. A common school district or high school district which has an
12 outstanding bonded indebtedness of seven per cent of the current year's
13 assessed valuation or less or a unified school district which has an
14 outstanding bonded indebtedness of fourteen per cent of the current year's
15 assessed valuation or less may expend the proceeds from the sale or lease of
16 school property for maintenance and operation or capital outlay, subject to
17 the following limitations:

18 1. During the period that proceeds from the sale or lease of school
19 property are used for capital outlay, the school district shall not call an
20 override election to exceed the capital outlay revenue limit, except that
21 during the last year of that period the school district may authorize an
22 override election to exceed the capital outlay revenue limit beginning with
23 the following year.

24 2. The total sum of the proceeds from the sale of school property
25 before July 1, 1998 or the lease of school property for more than one year
26 expended for maintenance and operation shall not exceed fifteen per cent of
27 the revenue control limit as provided in section 15-947, subsection A in any
28 year of which ten per cent may be used without voter approval and an
29 additional five per cent may be used if the additional amount is approved by
30 a majority of the qualified electors voting in an election called for such
31 purposes. The election shall be conducted and notice and ballots shall be
32 prepared as provided in section 15-481. Proceeds from the sale of school
33 property from and after June 30, 1998 shall not be expended for maintenance
34 and operation.

35 3. In any fiscal year in which a district utilizes budget increases as
36 authorized in section 15-481, subsection E or F ~~or section 15-482~~ or utilizes
37 the proceeds from the sale of school property before July 1, 1998 or the
38 lease of school property for more than one year for maintenance and operation
39 or any combination of these provisions, the total amount of these increases
40 which may be expended is equal to fifteen per cent of the revenue control
41 limit for that year as provided in section 15-947, subsection A, provided
42 that the following maximum amount is attributable to the use of any one
43 provision:

(a) Fifteen per cent of the revenue control limit when using the proceeds from the sale before July 1, 1998 or lease of school property for maintenance and operation as provided in this section.

(b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a budget increase as provided in section 15-481, subsection E or F, or both.

~~(c) Five per cent of the revenue control limit when using a budget increase as provided in section 15-482.~~

C. A common school district or high school district which has an outstanding bonded indebtedness of greater than seven per cent of the current year's assessed valuation or a unified school district which has an outstanding bonded indebtedness of greater than fourteen per cent of the current year's assessed valuation may expend the proceeds from the lease or sale of school property as follows:

1. For maintenance and operation, the expenditure may not exceed the lesser of the limit in subsection B, paragraph 2 or 3 of this section or the amount of the proceeds from the lease of school property multiplied by .25.

2. For capital outlay, the expenditure of the proceeds:

(a) From the sale of school property may not exceed the amount of the proceeds multiplied by .62.

(b) From the lease of school property is not limited.

D. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, shall promptly deposit monies received for and derived from the sale or lease of school property with the county treasurer who shall establish three school plant funds, one fund for monies received from the sale before July 1, 1998 or lease of school property for more than one year, one fund for monies received from the sale of school property from and after June 30, 1998 and one fund for monies received from the lease of school property for one year or less. The county treasurer shall credit the deposits to the respective school plant fund of the respective school district. Monies placed to the credit of the school plant funds may be expended as provided in this section. The school plant funds are continuing funds not subject to reversion.

E. Notwithstanding subsection C of this section, the governing board, or the superintendent or chief administrative officer with the approval of the governing board, may expend the proceeds from the sale before July 1, 1998 or lease of school property for the additional maintenance and operations expenses incurred as the result of operating on a year-round school year operation basis pursuant to section 15-855. The amount that the governing board, superintendent or chief administrative officer may expend for a year-round school year operation, as provided in this subsection, is limited to the actual maintenance and operations costs incurred as the result of the year-round school year operation as documented in the school district's budget as provided in section 15-855. A governing board, superintendent or chief administrative officer that utilizes ~~the provisions of~~ this subsection is subject to all other limitations prescribed in this

1 section regarding the expenditure of proceeds from the sale before July 1,
2 1998 or lease of school property.

3 F. Notwithstanding subsections B and D of this section, if the school
4 district electors approve the sale of school property and the use of the
5 proceeds for the purchase of school sites or the construction, improvement or
6 furnishing of school facilities, the proceeds from the sale shall be put in a
7 separate fund for use for the approved purpose as prescribed by the uniform
8 system of financial records. This fund is a continuing fund not subject to
9 reversion, except that after ten years any unexpended monies shall be put in
10 the school plant fund for use as prescribed in this section.

11 G. Proceeds from sales by condemnation or sales under threat of
12 condemnation may be deposited with the county treasurer for deposit in the
13 condemnation fund or the school plant fund of the school district. The
14 condemnation fund is a continuing fund not subject to reversion, except that
15 after ten years any unspent monies shall be placed in the school plant fund
16 to be used as prescribed in this section. The governing board, or the
17 superintendent or chief administrative officer with the approval of the
18 governing board, may apply the proceeds in the condemnation fund to:

19 1. The payment of any outstanding bonded indebtedness of the school
20 district which is payable from the levy of taxes upon property within the
21 school district.

22 2. Construct, acquire, improve, repair or furnish school facilities or
23 sites after notice and a hearing.

24 H. Proceeds from a right-of-way settlement shall be deposited with the
25 county treasurer for deposit in the condemnation fund of the school district.
26 The governing board, or the superintendent or chief administrative officer
27 with the approval of the governing board, shall apply such proceeds in the
28 condemnation fund to construct, acquire, improve, repair or furnish school
29 facilities or sites after notice and a hearing.

30 I. For THE purposes of this section, "capital outlay" means
31 unrestricted capital outlay as prescribed in section 15-903, subsection C.

32 Sec. 11. Section 15-2104, Arizona Revised Statutes, is amended to
33 read:

34 15-2104. Impact aid revenue bond building and debt service
35 funds

36 A. If a school district issues impact aid revenue bonds under this
37 article, the governing board shall establish:

38 1. An impact aid revenue bond building fund consisting of the net
39 proceeds received from the sale of the bonds. The fund shall be a continuing
40 fund that is not subject to reversion.

41 2. An impact aid revenue bond debt service fund consisting of monies
42 received by the school district from impact aid revenues.

43 B. Monies in the impact aid revenue bond building fund and the impact
44 aid revenue bond debt service fund may be used only for the purposes
45 authorized by this article.

1 C. The school district shall provide the county treasurer with an
 2 impact aid revenue bond debt service schedule. The county treasurer shall
 3 keep an account of all school district debt service funds that shows the
 4 school district to which each fund belongs. The county treasurer shall
 5 credit to the impact aid revenue bond debt service fund an amount from impact
 6 aid revenues equal to the principal and interest that will become due on the
 7 impact aid revenue bonds during the current year. The treasurer shall
 8 receive and credit any interest or income earned by the debt service fund.

9 D. Notwithstanding any other provision in this article, the annual
 10 payment of principal and interest on impact aid revenue bonds each year shall
 11 not exceed seventy-five per cent of the net impact aid revenues of the school
 12 district for the current year. For the purposes of this subsection, "net
 13 impact aid revenues" ~~mean~~ MEANS impact aid revenues for the year after
 14 deducting the sum of the following amounts:

15 1. The amount of any increase in the school district's general budget
 16 limit pursuant to section 15-905, subsections K, O and P.

17 2. The amount necessary to fund any budget override adopted pursuant
 18 to section 15-481, subsection F, ~~OR J or M.~~

19 3. The amount that would be produced by levying the applicable
 20 qualifying tax rate as provided in section 15-971, subsection B, minus the
 21 amount levied for primary school district taxes for the year pursuant to
 22 section 15-992, except that if the result is a negative number, ~~use~~ THE
 23 AMOUNT IS zero.

24 Sec. 12. Saving clause

25 A. This act does not affect any special budget overrides pursuant to
 26 section 15-482, Arizona Revised Statutes, as repealed by this act, that were
 27 approved by the qualified electors of a school district before the effective
 28 date of this act. Special budget overrides pursuant to section 15-482,
 29 Arizona Revised Statutes, as repealed by this act, that were approved by the
 30 qualified electors of a school district before the effective date of this act
 31 shall continue for the duration previously authorized by the qualified
 32 electors or until the qualified electors of the school district subsequently
 33 approve a budget increase in an amount of not more than fifteen per cent of
 34 the revenue control limit as prescribed in section 15-481, subsection G,
 35 Arizona Revised Statutes, as amended by this act, whichever occurs first.

36 B. No school district may conduct an election after the effective date
 37 of this act to submit a request to the qualified electors of a school
 38 district to approve a special budget override pursuant to section 15-482,
 39 Arizona Revised Statutes, as repealed by this act, or to approve the
 40 extension of a previously authorized special budget override pursuant to
 41 section 15-482, Arizona Revised Statutes, as repealed by this act.

42 Sec. 13. Override election procedures for fiscal year 2009-2010

43 Notwithstanding any other law, for fiscal year 2009-2010:

44 1. A school district may conduct an election on the second Tuesday in
 45 March 2010 to submit a proposed budget increase to the qualified electors in

1 an amount of not more than fifteen per cent of the revenue control limit as
2 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
3 amended by this act. Override elections conducted in subsequent fiscal years
4 shall be as prescribed by statute. An increase of not more than fifteen per
5 cent that is subsequently approved by the qualified electors of the school
6 district shall replace any previously authorized increases approved by the
7 qualified electors pursuant to section 15-481, subsection E or F, Arizona
8 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
9 Statutes, as repealed by this act.

10 2. If the qualified electors in a school district approve a proposed
11 budget increase in an amount of not more than ten per cent of the revenue
12 control limit in an election conducted on the first Tuesday in November 2009,
13 the school district may subsequently conduct an election on the second
14 Tuesday in March 2010 to submit to the qualified electors a proposed budget
15 increase in an amount of not more than an additional five per cent of the
16 revenue control limit. Override elections conducted in subsequent fiscal
17 years shall be as prescribed by statute.

18 3. If the qualified electors of a common school district have
19 approved both a budget increase that is still in effect on the effective date
20 of this act pursuant to section 15-481, subsection E or F, Arizona Revised
21 Statutes, as amended by this act, and a budget increase that is still in
22 effect on the effective date of this act pursuant to section 15-482, Arizona
23 Revised Statutes, as repealed by this act, the common school district may
24 call an election on the second Tuesday in March 2010 to submit to the
25 qualified electors a proposed budget increase in an amount of not more than
26 seventeen per cent of the revenue control limit. An increase of not more
27 than seventeen per cent that is subsequently approved by the qualified
28 electors of the school district shall replace any previously authorized
29 increases approved by the qualified electors pursuant to section 15-481,
30 subsection E or F, Arizona Revised Statutes, as amended by this act, and
31 section 15-482, Arizona Revised Statutes, as repealed by this act. If
32 approved by the qualified electors, the common school district may continue
33 to budget the amount of not more than seventeen per cent of the revenue
34 control limit for the remaining number of years of the override previously
35 approved pursuant to section 15-482, Arizona Revised Statutes, as repealed by
36 this act. On the expiration of the override previously approved pursuant to
37 section 15-482, Arizona Revised Statutes, as repealed by this act, override
38 elections conducted in subsequent fiscal years shall be as prescribed by
39 statute.